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Supreme Court, U.S.
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In The

Supreme Court of the United States

FESTO CORPORATION,

Petitioner,

v.

SHOKETSU KINZOKU KOGYO KABUSHIKI CO., LTD., a/k/a SMC CORPORATION and SMC PNEUMATICS, INC.,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF OF *AMICUS CURIAE* PHILADELPHIA INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF PETITIONER

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STATEMENT OF INTEREST[1]

The Philadelphia Intellectual Property Law Association ("PIPLA") was established to advocate the United States Constitution provision for the promotion of science and the useful arts; to promote the development and administration of the patent, trademark and copyright laws; to increase knowledge of intellectual property law; and to further high standards of professional ethics and promote professional relationships in the intellectual property law field. PIPLA members and their clients depend upon consistent application of the doctrine of equivalents to ensure the protection of their present and future rights under the patent laws.

PIPLA has no stake in either of the parties to this appeal or in the outcome of the appeal, other than its interest in seeking correct and consistent interpretation of the law affecting intellectual property.

CONSENT TO FILING OF *AMICUS CURIAE* BRIEF

In accordance with Supreme Court Rule 37.3(a), PIPLA has obtained written consent to the filing of this *amicus curiae* brief from the counsel of record for both parties. The written consents of the parties are being filed with Clerk of Court and accompany this brief.

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[1] Pursuant to Supreme Court Rule 37.6, *amicus curiae* states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the *amicus curiae* or its counsel.

SUMMARY OF ARGUMENT

The Court of Appeals for the Federal Circuit, in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 234 F.3d 558 (Fed. Cir. 2000) (*en banc*), *cert. granted*, 121 S. Ct. 2519 (2001) ("*Festo*"), has, to a substantial degree, eliminated the doctrine of equivalents – a principle that this Court reaffirmed in *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 117 S. Ct. 1040 (1997). PIPLA supports a reversal by the Supreme Court of the finding that no range of equivalents is available for a claim element that was narrowed for reasons related to patentability during prosecution. Instead, the Court is requested to make clear that a range of equivalents should always be available for a claimed element to the extent that the inventor has not disclaimed the accused element and the claim remains patentable over the prior art.

The principle sought by PIPLA is protection of the full scope of the invention in return for the benefit to the public of the full disclosure by the inventor to promote the progress of the arts as envisioned by Article 1, Section 8 of the United States Constitution.

PIPLA maintains that protection of all subject matter disclosed and not disclaimed is imperative to provide incentive to obtain patent protection, and thus, disclose innovative technology. Lesser protection causes the cost of obtaining and enforcing patents to outweigh the benefit, thereby stifling incentive.

ARGUMENT

I. Reducing the Scope of Patent Protection Decreases Incentive to Disclose Inventions.

As this Court has often explained, the goals of the patent laws, as authorized by Article 1, Section 8 of the United States Constitution, are to encourage invention and disclosure. *Kewannee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480-81, 94 S. Ct. 1879, 1885-86 (1974); *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262, 99 S. Ct. 1096, 1099 (1979) ("First, patent law seeks to foster and reward invention; second, it promotes disclosure of inventions, to stimulate further innovation and to permit the public to practice the invention once the patent expires. . . . "). The patent laws do so by rewarding an inventor with patent protection of an exclusive monopoly for a limited period of time. *Id.* at 480, *id.* at 1885 ("The patent laws promote this progress by offering a right of exclusion for a limited period as an incentive to inventors to risk the often enormous costs in terms of time, research, and development."). The "doctrine of equivalents" further encourages invention and disclosure and strengthens patent protection, by preventing competitors from easily avoiding infringement:

> courts have also recognized that to permit imitation of a patented invention which does not copy every literal detail would be to convert the protection of the patent grant into a hollow and useless thing. Such a limitation would leave room for – indeed encourage – the unscrupulous copyist to make unimportant and insubstantial changes and substitutions in the patent which, though adding nothing, would be enough to

> take the copied matter outside the claim, and hence outside the reach of law. One who seeks to pirate an invention, like one who seeks to pirate a copyrighted book or play, may be expected to introduce minor variations to conceal and shelter the piracy. Outright and forthright duplication is a dull and very rare type of infringement. To prohibit no other would place the inventor at the mercy of verbalism and would be subordinating substance to form. It would deprive him of the benefit of his invention and would foster concealment rather than disclosure of inventions, which is one of the primary purposes of the patent system.

Graver Tank & Mfg. Co. v. Linde Air Products Co., 339 U.S. 605, 607, 70 S. Ct. 854, 856 (1950). Because practically all patents are amended during the application process, it is the view of PIPLA that the complete bar rule adopted in *Festo* frustrates these goals by forfeiting all protection under the doctrine of equivalents whenever applicants amend their claims.

An inventor weighs the cost of obtaining patent protection against the benefit a patent provides. The *Festo* decision decreases the protection afforded by a patent, thereby tilting the scales away from obtaining patent protection, and thus, hindering technical advancement of the nation.

According to the American Intellectual Property Law Association ("AIPLA") Report of Economic Survey 2001, the median cost of preparing a patent application is between approximately $8,000 and $10,000. *AIPLA Economic Survey*, 78-79 (2001). Further median costs associated with the prosecution of the application range

between $1,200 and $2,500 per amendment/argument and $3,000 to $5,000 for an appeal. *Id.* at 79-80. In addition, the cost of enforcing a patent is often prohibitively high – the median cost of a patent infringement lawsuit through trial is about $499,000 if $1 million is at risk, and $2,992,000 if more than $25 million is at risk. *Id.* at 84-85. Narrowing patent scope frustrates enforcement of patents, and consequently reduces incentive to invent and disclose the invention to the public.

By asserting the principle of full protection in exchange for public benefits, the Supreme Court can avoid the anomalous situation where a claim may be infringed under the doctrine of equivalents if written in that manner originally, but would not be infringed if by reason of negotiation between the inventor and the United States Patent and Trademark Office ("USPTO"), the same claim was arrived at by amendment. This, in turn, will preserve the integrity of the United States patent system, which will continue to provide inventors with the incentive to invent and protection of their inventions.

II. Amendments Necessitated by the Complexity of Patent Law and Patented Technology Should not Diminish a Patentee's Right to Equivalents.

A flexible bar is imperative to providing patentees with the rights to the full scope of their inventions disclosed to the public, and thus, incentive to obtain patent protection. Amendments necessitated by the complexity of patent law and patented technology should not diminish a patentee's right to equivalents. "The very nature of words would make a clear and unambiguous claim a rare occurrence." *Autogiro Co. of America v. United States*, 384 F.2d 391, 396 (Ct. Cl. 1967). The difficulty in claim drafting gives rise to a significant percent of amended claims, causing the majority of claims not to encompass equivalents based on the complete bar rule provided under *Festo*.

Patent claims define the scope of the invention. Unlike clauses in many other legal documents, claims are far from boilerplate terms or terms easily modified to fit specific circumstances. Claims often require significantly more skill in drafting than typical contract clauses, primarily due to the technical subject matter. This Court long ago characterized a patent as "one of the most difficult legal instruments to draw with accuracy." *Topliff v. Topliff*, 145 U.S. 156, 171, 12 S. Ct. 825, 831 (1892). The Court of Claims has commented on the difficulty of claiming an invention, stating:

> An invention exists most importantly as a tangible structure or a series of drawings. A verbal portrayal is usually an afterthought written to

> satisfy the requirements of patent law. This conversion of machine to words allows for unintended idea gaps which cannot be satisfactorily filled.

Autogiro Co. of America v. United States, 384 F.2d 391, 397 (Ct. Cl. 1967). The doctrine of equivalents equitably accounts for these recognized limitations of the English language and the inability of an applicant to predict the form of equivalent future technology, by providing patentees with protection of the essence of their invention and not merely what is literally expressed.

Patentees and USPTO examiners strive to draft patent claims that are clear and unambiguous to provide notice, an important part of our patent system. Federal Circuit Judge Newman has written,

> Every patent practitioner knows how rare it is to conclude patent examination with claims that have not undergone amendment during prosecution, based on the examiner's rejections on grounds of patentability. It is routine for claims to be rewritten several times during the give-and-take of the examination procedure.

Litton Systems, Inc. v. Honeywell, Inc., 145 F.3d 1472, 1479 (Fed. Cir. 1998) (Newman, J., views on the suggestion for rehearing in banc). Patentees should not be penalized for amendments made during the give-and-take with the USPTO in the pursuit of perfection by implementing the complete bar rule, which lessens patent scope.

III. The Complete Bar Rule is Contrary to a Rational and Sound Policy to Protect Intellectual Property.

The United States patent system recently underwent an extensive overhaul by the implementation of the American Inventors Protection Act of 1999 ("AIPA"). *See* Pub. L. No. 106-113, Div. B, Title IV (§§ 4001 to 4808), 113 Stat. 1501, 1501A-552 (1999). The AIPA legislative history evidences Congress' intent to maintain America's position as a world leader with respect to technological advancement by streamlining our patent system and providing incentive to invent. The Federal Circuit's holding in *Festo* impedes these objectives of the AIPA.

The AIPA legislative history provides that,

> The United States is by far the world's largest producer of intellectual property, which has greatly benefited our balance of trade. This success is dependent upon a rational and sound policy of protecting intellectual property by encouraging the development of new inventions and processes.

H.R. REP. No. 106-287(I), 106th Cong., 1st Sess. (Aug. 3, 1999).

The *Festo* decision discourages development of new inventions and processes. *Festo's* complete bar rule minimizes the application of the doctrine of equivalents in patent infringement litigation, thereby decreasing the scope of the patent. The ease with which competitors will be able to design around patented inventions, when there is little or no coverage for equivalents, will provide further disincentive to inventors from using the patent system, which in turn deprives society of the benefits of

innovation. When a simple change in a device or process will avoid infringement, incentive to develop significant improvements in technology will be lost. This will diminish the United States' position as the world's largest producer of intellectual property and will negatively affect our balance of trade, which is contrary to the important objectives of the AIPA as expressed by Congress.

It is imperative that the United States provides an efficient and effective means for obtaining patent protection to attain these objectives. Congress recognized the importance of providing timely patent protection to meet these objectives when it implemented the AIPA. An objective was to streamline operations at the Patent and Trademark Office. *See* H.R. REP. No. 106-287(I), 106th Cong., 1st Sess. (Aug. 3, 1999). The Federal Circuit's holding in *Festo*, however, will slow down the patent prosecution process by creating a need to obtain patent protection without amending claims to avoid loss of protection of equivalents by prosecution estoppel. Patentees will be forced into adversary roles against patent examiners to convince examiners to allow claims without amendments. Exceedingly more cases will be appealed to avoid claim amendment. This will greatly increase the time and expense of patent prosecution for the USPTO and patent applicants, and will likely deter inventors from disclosing their inventions to seek patent protection. This may negatively affect the United States' position as the world's largest producer of intellectual property.

IV. The Scope of Patent Claims Should be Interpreted Using All Intrinsic Evidence.

A. Prosecution History is Intrinsic Evidence of Patent Scope.

Under *Festo*, patent prosecution history becomes irrelevant in numerous actions involving allegedly infringed claim elements that were amended during prosecution. The prosecution history, however, is important intrinsic evidence, and should be weighed to evaluate all claims of infringement. *See Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995) *(en banc), aff'd*, 517 U.S. 370, 116 S. Ct. 1384 (1996).

"It is well settled that an invention is construed not only in light of the claims, but also with reference to the file wrapper or prosecution history in the Patent Office." *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 33, 86 S. Ct. 684, 702 (1966). The prosecution history "is often of critical significance," because it may be used to determine the scope and meaning of the claims. *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996). Prosecution history may provide insight into claim element equivalents even when a claim element has been narrowed for reasons related to patentability. The reasons for such amendments, which are likely to be provided in the prosecution history, should be considered to determine if a range of equivalents is available. Only disclaimed parameters should give rise to prosecution estoppel. This will afford inventors protection for the full scope of their inventions, and thereby, maintain incentive to disclose the inventions.

Claims are initially drafted to define what the patentee considers to be the scope of the invention. During prosecution the drafting process continues with claim scope continually being considered by the applicant and the patent examiner. The result is a prosecution history that may clearly evidence what the patentee and Patent Office view as the claimed invention, including what may or may not be reasonably included in the scope of equivalents. Claim scope should not be limited when intrinsic prosecution history evidence is available to shed light on reasonable equivalents.

B. Evaluating Prosecution History under a Flexible Bar is not Unworkable.

The Federal Circuit argues that evaluating prosecution history evidence in numerous circumstances is unworkable, and defines "workable rules" as rules that "can be relied upon to produce consistent results and give rise to a body of law that provides guidance to the marketplace on how to conduct its affairs." *Festo*, 234 F.3d at 575. The court, however, provides no evidence of inconsistent results. It is unlikely that inconsistent application of the doctrine of equivalents, as occurs with a complete bar, would produce more consistent results than a flexible bar that takes into consideration the circumstances surrounding amendments to determine the scope of equivalents. In fact, district courts are finding the *Festo* complete bar rule difficult to implement.

For example, the U.S. District Court of the Southern District of New York, in *TM Patents, LLP v. International Business Machines*, 136 F. Supp. 2d 209, 210 (S.D.N.Y.

2001), granted IBM's motion for summary judgment by applying the complete bar rule and finding that allegedly "clarifying" amendments made in response to a Section 112 rejection were narrowing, and therefore, the doctrine of equivalents could not be implemented to find infringement. In applying the complete bar rule, the Court stated:

> [T]he Court is faced with one of those convoluted questions that bedevil those of us who are not skilled in the art of patent law . . . can a claim limitation that cannot be infringed by equivalents (because of *Festo*) be literally infringed by the equivalent of a feature defined in a limitation within the same claim that can be infringed by equivalents (because it is not subject to *Festo*)? I confess that at present I have no answer to this question. In fact, I can barely articulate it.

Id. at 223. Furthermore, the U.S. District Court of the Northern District of California proclaimed, "applying *Festo* is not that simple." *See ACLARA Biosciences, Inc. v. Caliper Technologies Corp.*, 125 F. Supp. 2d 391, 400 (N.D. Cal. 2000). Similarly, the U.S. District Court for the District of Delaware stated:

> As with all broad pronouncements, the devil is in the details. In the immediate aftermath of *Festo*, district courts (and litigants) are *struggling* to interpret its breadth and applicability. (Emphasis added.)

Creo Products, Inc. v. Presstek, Inc., No. C.A. 99-525-GMS, 2001 WL 637397 at *7 (D. Del. May 11, 2001).

By considering only that an element was narrowed by amendment for a reason related to patentability, and

not considering the total circumstances surrounding the amendment, which is often contained in the prosecution history, significant intrinsic evidence is ignored.

V. CONCLUSION

There is already sufficient disincentive to filing patent applications because of cost. The complete bar rule adopted in *Festo* further discourages technical advancement by reducing incentive to invent, invest in and disclose new technology.

The Philadelphia Intellectual Property Law Association supports a return to the flexible bar which applies prosecution history estoppel only where claims are amended for a limited set of reasons, and accordingly, grants to patentees, protection of the full scope of their patented inventions.

Respectfully submitted,

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